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INFORMATION REPORT

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DATE DISTR. 26 March 1952

SUBJECT Internal Situation

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- 25X11. Both civilian and military UDB forces have increased greatly in recent months. In Croatia, Slovenia and Dalmatia, for example, the increase has been an estimated 25 per cent. Similar figures are reported from Serbia and the rest of the country.
2. Communist Party members are demoralized. The middle and lower ranks feel cheated, both ideologically and materially. Privileges have been taken away from them and this has forced more hardships upon them with no prospects of early improvement. Also, a new rumor is prevalent concerning an alleged Soviet-United States accord, rendering unnecessary continued aid to Yugoslavia and thus confronting the country with economic chaos.
3. Party morale has dangerously deteriorated for lack of an ideological substitute for Soviet Marxism. Attempts made by Mose Pijade, Milovan Djilas and other dogmatics have failed to penetrate the minds of rank-and-file members. There is far less literature on the new interpretation of Socialism than at any time prior to the break with the Cominform.
4. The masses and Party members took for granted that a moderate course would have been followed in the future, but were deeply disappointed when Tito insisted on rigid execution of Communist doctrine.
5. A new wave of Government intolerance of religion and education is being enforced by the UDB, which is placing its people in all key positions of executive agencies. Tito's speech to the Zagreb students was clumsy and ineffective. The youth desire incentives other than continued hardships and a more rigid Party line.
6. Radio and press executives and personnel have been advised of the new Party line; that is, less interest and display of "Western bourgeois" art and science, and more emphasis on the partisan struggle and revolution in general. Radio script writers have been severely criticized and told that, in the future, more control of their scripts and announcements would be made.

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7. Edvard Kardelj, Yugoslav Foreign Minister, is greatly interested in the coming United States presidential elections and has expressed the hope that President Truman be re-elected. He fears that the election of Senator Taft would result in a change in United States foreign policy.

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1. The Yugoslav Government is very much interested in United States capital investments in Yugoslav industry and/or official United States aid to increase the Yugoslav industrial output. The normal desire of United States capital investors for security, control and influence in management "could be discussed."
2. Regarding present Yugoslav left course; persecution of religion; accusing Party members of "western bourgeois ideology"; and Tito's recent speech to the Zagreb students, et cetera, these measures have been taken because of the softening of Party morale and the stepping-up of Cominform propaganda. The situation had to be met to prevent a further decline in enthusiasm of Party workers, which is indispensable in order to accomplish economic reconstruction.
3. The steps taken were internal measures and in no way reflect the Yugoslav Government's attitude towards the West. It was necessary to strengthen the faith of many "old timers" who still have ideological doubt and others who do not understand all the aspects of Yugoslav economics and relations with the West.
4. Yugoslavia cannot continue reconstruction without United States aid and understanding. Nothing done or said in Yugoslavia recently should be

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interpreted as a lessening of appreciation to the United States. In view of the possibility of the United States public's misapprehension, it is Kardelj's opinion that it would help if he made a clarifying statement in Parliament.

5. Catholic propaganda has increased in recent months, stirring up religious feeling throughout Yugoslavia. The Vatican also took part in Italian press attacks regarding the Trieste issue, and it was necessary to answer these provocations mainly to meet internal Party pressure.
6. There is not the slightest intention of change in friendly relations with the West. On the contrary, if the proper circumstances presented themselves, Yugoslavia would seriously consider joining the Western defense system, in the form of either the Atlantic or ~~the~~ Mediterranean Pact.
7. Until recently, Kardelj was less afraid of a European crisis than developments in the East. However, he has received information that things would again flare up right in his area, and the present situation is far more dangerous than the United States believes.

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